

# ANNUAL STATEMENT

OF THE FINANCIAL CONDITION  
OF THE \_\_\_\_\_ RETIREMENT SYSTEM  
TO THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION  
FOR THE YEAR ENDED 12/31/2007.

## **Public Employee Retirement Administration Commission Members**

- The Honorable Domenic J. F. Russo  
*Chairman*
- The Honorable A. Joseph DeNucci  
Auditor of the Commonwealth  
*Vice Chairman*
- The Honorable Deval Patrick  
Governor of the Commonwealth
- The Honorable Paul V. Doane  
Executive Director  
Arkansas Teacher Retirement System
- Kenneth J. Donnelly  
Lieutenant (Retired)  
Lexington Fire Department
- James M. Machado  
Sergeant  
Fall River Police Department
- Donald R. Marquis  
Former Town Manager, Arlington
- Joseph E. Connarton  
*Executive Director*

## **Audit Unit Staff**

- Harry Chadwick  
*Western Chief Auditor*
- Bob Madison  
*Senior Auditor*
- Richard Ackerson  
*Auditor*
- Martin J. Feeney  
*Auditor*
- Carol M. Niemira  
*Auditor*
- James M. Ryan  
*Auditor*
- James T. Sweeney  
*Auditor*
- James F. Tivnan  
*Auditor*

You may leave messages for any member of PERAC's Audit Staff at telephone extension 924 in our Somerville offices.



**Commonwealth of Massachusetts**  
**Public Employee Retirement Administration Commission**  
Five Middlesex Avenue, Suite 304 | Somerville, MA 02145  
*Phone* 617 666 4446    *Fax* 617 628 4414  
*TTY* 617 591 8917    *Web* [www.mass.gov/perac](http://www.mass.gov/perac)

## Instructions to Retirement Systems & Pension Funds

(Henceforth called Systems)

- (1) **Date of Filing:** The statement is required by law to be filed on or before May 1st.
- (2) **The Name of the System** must be typed or stamped at the top of all pages and schedules (and duplicate schedules), and on all inserted schedules and loose sheets.
- (3) This statement must be typewritten.
- (4) **Blank Schedules** will not be accepted. If no entries are to be made, type "NONE" across the schedule in question.
- (5) Each category of investment must be grouped alphabetically on appropriate schedules as listed below. Group totals in each category must be shown (sub-totals should be identified as such). Investments must be listed on a trade date basis (as opposed to the cashbook, which is on a settlement date basis). Purchases made prior to January 1st, but not settled until after December 31st, should be recorded as accounts payable and, as such, should be listed as purchased and owned. Sales made prior to January 1st, but not settled until after December 31st, should be recorded as accounts receivable and, as such, should be listed as sold and no longer owned.\*

### **Schedule 1**

Cash

### **Schedule 2**

Short Term Securities (Treasury Bills, Commercial Paper, Repurchase Agreements, CDs, Term Deposits, Money Market Accounts, Cooperative Shares, and Savings and Loan Shares).

### **Schedule 3 (A, B, and C)**

Fixed Income Securities

### **Schedule 4 (A, B, and C)**

Stocks and Options

### **Schedule 5**

Pooled Funds, PRIT Fund, Mutual or Commingled Funds, International Investments, Alternative Investments, and Real Estate Investments

### **Schedule 6**

Recap of Schedules 1 through 5

### **Supplementary Schedule**

We are now requesting that you provide us with a supplemental schedule for Members' Balances in the Annuity Savings Account. Previously, there was some confusion as to whether this information was required. **It is required.**

- (6) If the Annual Statement and Schedules do not contain the information asked for in the blanks, or are not prepared as requested above, they will NOT be accepted by the Commission.

**Note: In accordance with the provisions of section 20(5)(h) and section 23(1)(c) and section 23(2)(e) of Chapter 32 of the General Laws, this statement must be filed in the office of the Public Employee Retirement Administration Commission no later than May 1, 2008. The due date for filing will be strictly enforced.**

\*It is critical that you determine the status of all pending transactions reported by your custodian on supplemental schedules provided by them. If any adjustments are required, these should be disclosed either in the details of accounts due in receivables, or payments pending in accounts payable. Otherwise, the supplemental schedules need to be notated for pending settlements. It may be necessary to revisit pending transactions from prior periods to properly reconcile these financial results.

Annual Statement for the Year Ended December 31, 2007 of the Conditions and Affairs of \_\_\_\_\_  
(Name of Retirement System)

Organized Under the Laws of the Commonwealth of Massachusetts to the Public Employee Retirement Administration Commission

Date of Certificate \_\_\_\_\_ Effective Date \_\_\_\_\_

ADMINISTRATION OFFICE

Street & Number \_\_\_\_\_ City/Town, State and Zip Code \_\_\_\_\_ Telephone Number \_\_\_\_\_

We, the undersigned, members of the \_\_\_\_\_ Board of Retirement certify under the penalties of perjury, that we are the official board members of said retirement system, and that on the thirty-first day of December last, all of the herein-described assets were the absolute property of said retirement system, free and clear from any liens or claims thereon, except as stated, and the following statements, with the schedules and explanations therein contained, annexed, or referred to, are a full and correct exhibit of all the assets, liabilities, income and disbursements, changes in fund balances, and of the conditions and affairs of the said retirement system on the said thirty-first day of December last, and for the year ended on that date, according to the best of our information, knowledge, and belief, respectively.

BOARD OF RETIREMENT

*Please identify the name of the Board Member who serves as Chairperson by inserting the title next to his or her name.*

Ex-Officio Member

\_\_\_\_\_  
(Name Typed)

\_\_\_\_\_  
(Signature)

Appointed Member

Term Expires \_\_\_\_\_

\_\_\_\_\_  
(Name Typed)

\_\_\_\_\_  
(Signature)

Elected Member

Term Expires \_\_\_\_\_

\_\_\_\_\_  
(Name Typed)

\_\_\_\_\_  
(Signature)

Elected Member

Term Expires \_\_\_\_\_

\_\_\_\_\_  
(Name Typed)

\_\_\_\_\_  
(Signature)

Member Appointed by Other Members

Term Expires \_\_\_\_\_

\_\_\_\_\_  
(Name Typed)

\_\_\_\_\_  
(Signature)

INVESTMENT MANAGERS

*Please compile/submit a complete list. Attach the list to this page.*

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

INVESTMENT CONSULTANT

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

CUSTODIAN

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

**ANNUAL STATEMENT BALANCE TESTS**

**1. ASSET BALANCE**

Assets Previous Year	_____
Income Current Year	_____
Disbursements Current Year	( _____ )
Assets Current Year	_____

**2. ASSET DIFFERENCE**

Assets Current Year	_____
Assets Previous Year	( _____ )
Difference	_____

**3. INCOME DIFFERENCE**

Income Current Year	_____
Disbursements Current Year	( _____ )
Difference	_____

**4. FUND CHANGE DIFFERENCE** – *Add interfund transfer credits and debits respectively to Income and Disbursement activities.*

Total Fund Change Credits Current Year	_____
Total Fund Change Debits Current Year	( _____ )
Difference	_____

**NOTE: The difference as a result of tests 2, 3, and 4 should be the same.**

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

**ASSETS & LIABILITIES**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1. 1040 Cash			
2. 1100 Short Term Investments			
3. 1180 Fixed Income Securities			
4. 1170 Equities			
5. 1101 Pooled Short Term Funds			
6. 1172 Pooled Domestic Equity Funds			
7. 1173 Pooled International Equity Funds			
8. 1174 Pooled Global Equity Funds			
9. 1181 Pooled Domestic Fixed Income Funds			
10. 1182 Pooled International Fixed Income Funds			
11. 1183 Pooled Global Fixed Income Funds			
12. 1193 Pooled Alternative Investments			
13. 1194 Pooled Real Estate Funds			
14. 1195 Pooled Domestic Balanced Funds			
15. 1196 Pooled International Balanced Funds			
16. 1198 PRIT Cash			
17. 1199 PRIT Fund			
18. 1550 Interest Due and Accrued			
19. 1398 Accounts Receivable (A)			
20. 2020 Accounts Payable (A)	( _____ )	( _____ )	( _____ )
<b>TOTAL</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**FUNDS**

1. 3293 Annuity Savings Fund			
2. 3294 Annuity Reserve Fund			
3. 3295 Military Service Fund			
4. 3296 Pension Fund			
5. 3298 Expense Fund			
6. 3297 Pension Reserve Fund	<u>                    </u>	<u>                    </u>	<u>                    </u>

**TOTAL ASSETS AT MARKET VALUE**                                                               

(A) Specific details for Accounts Receivable and Accounts Payable are to be disclosed on Schedule A.

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

	Balance Dec. 31 Prior Year	Receipts	Interfund Transfers	Disbursements	Balance Dec. 31 Current Year
Annuity Savings Fund	_____	_____	_____	_____	_____
Annuity Reserve Fund	_____	_____	_____	_____	_____
Pension Fund	_____	_____	_____	_____	_____
Military Service Fund	_____	_____	_____	_____	_____
Expense Fund	_____	_____	_____	_____	_____
Pension Reserve Fund	_____	_____	_____	_____	_____
<b>TOTAL ALL FUNDS</b>	_____	_____	- 0 -	_____	_____

List below all transfers:

Transfer from \_\_\_\_\_ Fund to the \_\_\_\_\_ Fund in the Amount of \$ \_\_\_\_\_ on Account of \_\_\_\_\_.

Transfer from \_\_\_\_\_ Fund to the \_\_\_\_\_ Fund in the Amount of \$ \_\_\_\_\_ on Account of \_\_\_\_\_.

Transfer from \_\_\_\_\_ Fund to the \_\_\_\_\_ Fund in the Amount of \$ \_\_\_\_\_ on Account of \_\_\_\_\_.

Transfer from \_\_\_\_\_ Fund to the \_\_\_\_\_ Fund in the Amount of \$ \_\_\_\_\_ on Account of \_\_\_\_\_.

Transfer from \_\_\_\_\_ Fund to the \_\_\_\_\_ Fund in the Amount of \$ \_\_\_\_\_ on Account of \_\_\_\_\_.

Transfer from \_\_\_\_\_ Fund to the \_\_\_\_\_ Fund in the Amount of \$ \_\_\_\_\_ on Account of \_\_\_\_\_.

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

RECEIPTS

		2007	2006	2005
<b>1. Annuity Savings Fund:</b>				
(a)	4891 Members' Deductions			
(b)	4892 Transfers from Other Systems			
(c)	4893 Member Make up Payments and Redeposits			
(d)	4900 Member Payments from Rollovers			
(e)	Investment Income Credited to Members' Accounts			
	<b>Subtotal</b>			
<b>2. Annuity Reserve Fund:</b>				
(a)	Investment Income Credited to Annuity Reserve Fund			
	<b>Subtotal</b>			
<b>3. Pension Fund:</b>				
(a)	4898 3(8)(c) Reimbursements from Other Systems			
(b)	4899 Received from Commonwealth for COLA and Survivor Benefits			
(c)	4894 Pension Fund Appropriation			
	<b>Subtotal</b>			
<b>4. Military Service Fund:</b>				
(a)	4890 Contributions Received from Municipality			
(b)	Investment Income Credited			
	<b>Subtotal</b>			
<b>5. Expense Fund:</b>				
(a)	4896 Expense Fund Appropriation			
(b)	Investment Income Credited to Expense Fund			
	<b>Subtotal</b>			
<b>6. Pension Reserve Fund:</b>				
(a)	4897 Federal Grant Reimbursement			
(b)	4895 Pension Reserve Appropriation			
(c)	4822 Interest Not Refunded			
(d)	4825 Miscellaneous Income			
(e)	Excess Investment Income			
	<b>Subtotal</b>			
	<b>TOTAL RECEIPTS</b>			



**DISBURSEMENTS**

		<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>1. Annuity Savings Fund:</b>				
(a)	5757 Refunds to Members			
(b)	5756 Transfers to Other Systems			
	<b>Subtotal</b>			
<b>2. Annuity Reserve Fund:</b>				
(a)	5750 Annuities Paid			
(b)	5759 Option B Refunds			
	<b>Subtotal</b>			
<b>3. Pension Fund:</b>				
(a)	5751 Pensions Paid			
	Regular Pension Payments			
	Survivorship Payments			
	Ordinary Disability Payments			
	Accidental Disability Payments			
	Accidental Death Payments			
	Section 101 Benefits			
(b)	5755 3(8)(c) Reimbursements To Other Systems			
(c)	5752 COLAs Paid			
(d)	5753 Chapter 389 Beneficiary Increase Paid			
	<b>Subtotal</b>			
<b>4. Military Service Fund:</b>				
(a)	4890 Return to Municipality for Members who Withdrew their Funds			
	<b>Subtotal</b>			
<b>5. Expense Fund:</b>				
(a)	5118 Board Member Stipend			
(b)	5119 Salaries			
(c)	5304 Management Fees			
(d)	5305 Custodial Fees			
(e)	5307 Investment Consultant Fees			
(f)	5308 Legal Expenses			
(g)	5309 Medical Expenses			
(h)	5310 Fiduciary Insurance			
(i)	5311 Service Contracts			
(j)	5312 Rent Expense			
(k)	5589 Administrative Expenses			
(l)	5599 Furniture and Equipment			
(m)	5719 Travel			
	<b>Subtotal</b>			
	<b>TOTAL DISBURSEMENTS</b>			

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

**INVESTMENT INCOME**

	2007	2006	2005
Investment Income received from:			
(a) Cash (from Schedule 1)			
(b) Short Term Investments (from Schedule 2)			
(c) Fixed Income Securities (from Schedules 3A and 3C)			
(d) Equities (from Schedules 4A and 4C)			
(e) Pooled Funds (from Schedule 5)			
(f) Commission Recapture			

**4821 TOTAL INVESTMENT INCOME**

**Plus:**

4884	Realized Gains (Profits)			
4886	Unrealized Gains (Increase in Market Value)			
1550	Interest Due and Accrued-Current Year			

**Less:**

4823	Paid Accrued Interest on Fixed Income Securities			
4885	Realized Losses			
4887	Unrealized Losses (Decrease in Market Value)			
1550	Interest Due and Accrued-Prior Year			

**NET INVESTMENT INCOME**

Income Required:

Annuity Savings Fund (from Supplementary Schedule)			
Annuity Reserve Fund			
Expense Fund			
Military Service Fund			

**TOTAL INCOME REQUIRED**

Net Investment Income			
Less Income Required			

**EXCESS INCOME TO PENSION RESERVE FUND**

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

**MEMBERSHIP FOR CURRENT YEAR**

**ACTIVE MEMBERS**

	Group 1	Group 2 & 4	TOTAL
Active Membership, Dec. 31st, Previous Year	_____	_____	_____
Inactive Membership, Dec. 31st, Previous Year	_____	_____	_____
Enrolled During Current Year	_____	_____	_____
Transfers Between Groups	_____	_____	_____
Reinstatements of Disabled Members	_____	_____	_____
<b>SUBTOTAL</b>	_____	_____	_____
Deduct:			
Death	_____	_____	_____
Withdrawals	_____	_____	_____
Retirements	_____	_____	_____
<b>SUBTOTAL</b>	_____	_____	_____
Active Membership, Dec. 31st, Current Year	_____	_____	_____
Inactive Membership, Dec. 31st, Current Year	_____	_____	_____

**RETIRED MEMBERS, BENEFICIARIES & SURVIVORS**

**Retired, Beneficiary, and Survivor**

**Membership, Dec. 31, previous year**

Retirements During the Year:	_____	_____	_____
Superannuation	_____	_____	_____
Ordinary Disability	_____	_____	_____
Accidental Disability	_____	_____	_____
Termination Retirement Allowance	_____	_____	_____
Beneficiary of Deceased Retiree	_____	_____	_____
Survivor Benefits from Active Membership	_____	_____	_____
<b>SUBTOTAL</b>	_____	_____	_____

Deduct:

Deaths of Retired Members	_____	_____	_____
Terminations of Survivor Benefits	_____	_____	_____
Reinstatements of Disabled Pensions	_____	_____	_____
<b>SUBTOTAL</b>	_____	_____	_____

**Retired Membership, Dec. 31, current year**

Superannuation	_____	_____	_____
Ordinary Disability	_____	_____	_____
Accidental Disability	_____	_____	_____
Termination	_____	_____	_____
Beneficiaries from Accidental Deaths	_____	_____	_____
Beneficiaries from Section 100	_____	_____	_____
Beneficiaries from Section 101	_____	_____	_____
Beneficiaries under Option (C)	_____	_____	_____
Option (D) Survivor Allowance	_____	_____	_____
Section 12B Survivor Allowance	_____	_____	_____

**Total Retired, Beneficiary, and Survivor**

<b>Membership, Dec. 31, Current Year</b>	_____	_____	_____
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**TOTAL MEMBERSHIP:**

<b>Active, Inactive, Retired, Beneficiary, and Survivor, Dec. 31, Current Year</b>	_____	_____	_____
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**Schedule A: Detail of Accounts Receivable and Accounts Payable**

<b>Accounts Receivable</b>	<b>Amount</b>	<b>Original Date</b>
4891 Members' Deductions	_____	_____
4892 Transfers From Other Systems	_____	_____
4893 Member Make Up Payments and Redeposits	_____	_____
4900 Member Payments from Rollovers	_____	_____
4898 3(8)(c) Reimbursements from Other Systems	_____	_____
4899 Received from Commonwealth for COLA and Survivor Benefits	_____	_____
4884 Realized Gain on Sale of Investments	_____	_____
4894 Pension Fund Appropriation (Current Fiscal Year)	_____	_____
4894 Pension Fund Appropriation (Previous Fiscal Year)	_____	_____
4890 Contributions Received from Municipality on Account of Military Service	_____	_____
4897 Federal Grant Reimbursement	_____	_____
4895 Pension Reserve Appropriation	_____	_____
Investments Sold But Funds Not Received (list individually)	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>TOTAL RECEIVABLES (Must agree with page 2, line #19.)</b>	_____	_____

<b>Accounts Payable</b>		
5757 Refunds to Members	_____	_____
5756 Transfers to Other Systems	_____	_____
5750 Annuities Paid	_____	_____
5759 Option B Refunds	_____	_____
5751 Pensions Paid	_____	_____
5755 3(8)(c) Reimbursements to Other Systems	_____	_____
5752 COLAs Paid	_____	_____
5753 Chapter 389 Beneficiary Increase Paid	_____	_____
4885 Realized Loss on Sale of Investments	_____	_____
4890 Return to Municipality for Members Who Withdrew Their Funds	_____	_____
5118 Board Members' Stipend	_____	_____
5119 Salaries	_____	_____
5304 Management Fees	_____	_____
5305 Custodial Fees	_____	_____
5307 Investment Consultant Fees	_____	_____
5308 Legal Expenses	_____	_____
5309 Medical Expenses	_____	_____
5310 Fiduciary Insurance	_____	_____
5311 Service Contracts	_____	_____
5312 Rent Expense	_____	_____
5589 Administrative Expenses	_____	_____
5599 Furniture and Equipment	_____	_____
5719 Travel	_____	_____
Investments Purchased But Not Paid For (list individually)	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>TOTAL PAYABLES (Must agree with page 2, line #20.)</b>	_____	_____

Schedule No. 1

Annual Statement of the Retirement System for the Year Ended December 31, 2007

Cash Account Activity During Year

\*Cash defined in ledger #1040 as Savings or Checking

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Type of Account, Account Number, Interest Rate (List alphabetically)	Book Value at End of Previous Year	Total Deposits this Year	Income Reinvested/ Redeposited into Account	Withdrawals during Year	=A+B+C-D Total Book Value Dec 31st This Year	Cash Income Paid to System Not Reinvested or Redeposited	Interest Due and Accrued December 31st

Schedule No. 2

Annual Statement of the Retirement System for the Year Ended December 31, 2007

Short Term Securities\* Bought and Sold or Matured During the Year as well as Still Held on December 31st

\*Short Term defined in ledger #1100 as U.S. Treasury Bills, Commercial Paper, Repurchase Agreements, CDs, Term Deposits, Money Market, Cooperative Shares, Savings and Loan Shares

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Including CUSIP or Account No., Interest Rate, Maturity Date, (List alphabetically. Rolled over securities must be listed as sold and then repurchased.)	Date Acquired	Par Value*	Cost Including Commissions	Amount Received at Maturity (Expiration or Upon Liquidation) Less Commissions and Excluding Interest	Market Value Dec. 31st Current Year	Interest Received During Year	Due and Accrued Dec. 31st

\*Optional Entry

Schedule No. 3A

Annual Statement of the Retirement System for the Year Ended December 31, 2007

Domestic Fixed Income Securities Owned at End of Year  
(Foreign Fixed Income Securities must be listed on Schedule 5)

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Including Maturity Date and Interest Rate (List alphabetically)	CUSIP Number	Cost or Market Value at End of Prior Year	Unrealized Gain	Unrealized Loss	Market Value	Interest Received During Year	Interest Due and Accrued Dec. 31st

Schedule No. 3B

Annual Statement of the Retirement System for the Year Ended December 31, 2007

Domestic Fixed Income Securities Purchased During Year  
(Foreign Fixed Income Securities must be listed on Schedule 5)

Description: Including Date of Maturity and Interest Rate (List alphabetically)	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	CUSIP Number	Par Value*	Date Acquired (Trade Date)	Name of Broker	Commissions Paid	Paid Accrued Interest	Cost Excluding Accrued Interest, but Including Commissions

\*Optional Entry



Schedule No. 3C

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

Domestic Fixed Income Securities Sold During Year

(Foreign Fixed Income Securities must be listed on Schedule 5)

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Including Date of Maturity and Interest Rate (List alphabetically)	CUSIP Number	Par Value*	Date Sold or Matured (Trade Date)	Name of Broker	Commissions	Market Value Previous Dec 31st	Amount Received on Sale Less Commissions Excluding Accrued Interest	= G - F Realized Gain	= G - F Realized Loss	Interest Received During Year Including Interest Sold

\*Optional Entry

Schedule No. 4A

Annual Statement of the Retirement System for the Year Ended December 31, 2007

Equities Owned at End of Year

Equities defined as stocks or options (Pooled Funds must be listed on Schedule 5)

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
			Rate Per Share Used to Obtain Current Market Value	Market Value at End of Previous Year	Net Purchases and (Sales) at Book Value Current Year	Market Value at End of Current Year	= F - D - E Unrealized Gain	= F - D - E Unrealized Loss	Dividends Received During Year
Give Complete Description (List alphabetically)	CUSIP Number	Number of Shares							

Schedule No. 4B

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

Equities Purchased During Year

Equities defined as stocks or options (Pooled Funds must be listed on Schedule 5)

Description: Give Complete Description (List alphabetically)	(A)	(B)	(C)	(D)	(E)	(F)
	CUSIP Number	Number of Shares	Date Acquired (Trade Date)	Name of Broker	Commissions and Fees Paid	Cost to System Including Commissions and Fees

Schedule No. 4C

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

Equities Sold During Year

Equities defined as stocks or options (Pooled Funds must be listed on Schedule 5)

Description:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Give Complete Description (List alphabetically)	CUSIP Number	Number of Shares	Name of Broker	Date Sold	Commissions Paid	Proceeds from Sale	Market Value at Prior Year-end or Cost if Purchased in Current Year	= F - G Realized Gain	= F - G Realized Loss	Dividends Received During Year

Schedule No. 5

Annual Statement of the Retirement System for the Year Ended December 31, 2007

Schedule of Pooled Funds

This schedule is to be used for the PRIT Fund and Pooled Funds (e.g., Venture Capital, Real Estate, Commingled Funds).

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
<b>Description:</b>	Market							Total Sales/			
Give Complete	Value at	Total						Redemptions			
PERAC	End of	Purchases	Reinvested					this Year	Cash Dividends/		
Ledger	Previous	This Year	Investment	Realized	Realized	Unrealized	Unrealized	- Amount	Distributions to	Fees	
Number	Year	at Cost	Income	Gain*	Loss*	Gain*	Loss*	Received	System this Year	Paid	
											=A+B+C+D-E+F-G-H-I-J
											Market Value at End of
											Year**

\* If available.

\*\* If using most recent period prior to year-end, please list date.

## Schedule No. 6

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

### Summary of Investments Owned

Category of Investment		Current Market Value	Interest Due and Accrued as of Dec. 31, 2006	Paid Accrued Interest on Purchases in Current Year	Commissions Paid During Current Year	Unrealized Gains	Unrealized Losses	Realized Gains	Realized Losses	Investment Income Received During Year
1.	1040	Cash								
2.	1100	Short Term Securities								
3.	1180	Fixed Income Securities								
4.	1170	Equities								
5a.	1101	Pooled Short Term Funds								
5b.	1172	Pooled Domestic Equity Funds								
5c.	1173	Pooled International Equity Funds								
5d.	1174	Pooled Global Equity Funds								
5e.	1181	Pooled Domestic Fixed Income Funds								
5f.	1182	Pooled International Fixed Income Funds								
5g.	1183	Pooled Global Fixed Income Funds								
5h.	1193	Pooled Alternative Investments/Private Equity								
5i.	1194	Pooled Real Estate Funds								
5j.	1195	Pooled Domestic Balanced Funds								
5k.	1196	Pooled International Balanced Funds								
5l.	1198	PRIT Cash								
5m.	1199	PRIT Fund								

**TOTAL**

Supplementary Schedule

Annual Statement of the \_\_\_\_\_ Retirement System for the Year Ended December 31, 2007

Members' Balances in the Annuity Savings Account

<u>Member's Name</u>	<u>Previous Balance</u>	<u>Total Additions Current Year</u>	<u>Total Interest Current Year</u>	<u>Reductions</u>	<u>Transfer to Annuity Reserves</u>	<u>Transfer to Pension Fund</u>	<u>Transfer to Pension Reserve Fund</u>	<u>Balance Current Year</u>
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## APPENDIX PAGE 1

### PLAN DESCRIPTION

The plan is a contributory defined benefit plan covering all \_\_\_\_\_ Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Teachers' Retirement Board.

Instituted in 19\_\_\_\_, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service, or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80 - 85% pension and 15 - 20% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund, and earn interest at a rate determined by the Executive Director of PERAC, according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Cost-of-living adjustments, and any other increase in benefits imposed by state law granted between 1981 and 1996, are borne by the state.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as determined by PERAC's Actuary. In the past, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems, have actually reduced such liability.

Administrative expenses are funded through excess investment income.

Members who become permanently disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance, or are under the age of 55, are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest that has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.



**SIGNIFICANT ACCOUNTING POLICIES**

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission. All investments are stated at market value at the end of the year.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Voluntary contributions, redeposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, a members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income or appropriated by the governmental units for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment, or on the unrealized gain of a market valued investment as of the valuation date, is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund, is credited to this Reserve account.

The Investment Income Account is credited all income derived from invested funds. At the end of the year, the income credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund, is distributed from this account, and the remaining balance is transferred to the Pension Reserve Fund.

## APPENDIX PAGE 3

### ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by \_\_\_\_\_ as of January 1, 20\_\_.

The Normal Cost for Employees on that date was \$ \_\_\_\_\_ % of Payroll  
The Normal Cost for the Employer was \$ \_\_\_\_\_ % of Payroll

The Actuarial Liability for Active Members was \$ \_\_\_\_\_  
The Actuarial Liability for Retired Members was \$ \_\_\_\_\_  
Total Actuarial Accrued Liability \$ \_\_\_\_\_  
System Assets as of that Date \$ \_\_\_\_\_  
Unfunded Actuarial Accrued Liability \$ \_\_\_\_\_

The principal actuarial assumptions used in the valuation are as follows:

**Investment Return:** \_\_\_\_\_% per annum  
**Rate of Salary Increase:** \_\_\_\_\_% per annum

### SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)* (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b - a)/c)</u>
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**Attach Copy of Current Approved Funding Schedule**